

## Message Text

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ACTION EUR-12

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FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 8912

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E.O. 11652: NA

TAGS: BTRA, EFIN, EINV, BU, OVIP (WOODS, GEORGE)

SUBJECT: VISIT OF BONDHOLDERS COUNCIL PRESIDENT

REF: STATE 246903 AND PREVIOUS

1. AS SCHEDULED, GEORGE WOODS, PRESIDENT OF FOREIGN BONDHOLDERS PROTECTIVE COUNCIL SPENT FOUR DAYS IN SOFIA. MINISTRY OF FINANCE MET, ARRANGED APPOINTMENTS AND SIGHT-SEEING EXCURSIONS FOR WOODS AND HIS WIFE. WOODS WAS IMPRESSED BY HOSPITALITY AND CALIBRE OF PEOPLE HE MET, AND MODERATELY SATISFIED WITH HIS VISIT WHICH WAS LARGELY DEVOTED TO EDUCATION OF BULGARIANS RATHER THAN ACTUAL NEGOTIATIONS.

2. DURING VISIT, WOODS HAD TALKS WITH ACTING MINISTER OF FINANCE BELCHEV AND HIS DEPUTY IVANOV; FIRST DEPUTY MINISTER OF FOREIGN TRADE LUKANOV; AND CHAIRMAN FOREIGN TRADE BANK KALINOV.

3. WOODS TOLD AMBASSADOR BULGARIANS CONTINUE ACCEPT BOND OBLIGATION AND WANT TO MOVE TOWARD SETTLEMENT BUT UNDECIDED ON WHETHER TO MAKE "CLASSICAL AGREEMENT" (RE-ISSUANCE OF BONDS WITH LOW INTEREST RATE, ETC) OR CASH SETTLEMENT. WOODS BELIEVES THEY LEAN TOWARD LATTER, AS DOES HE. ACTUALLY WOODS WOULD PREFER TO PUT OFF NEGOTIATIONS WITH BULGARIANS UNTIL SETTLEMENT, HOPE-

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FULLY ON CASH BASIS, HAS BEEN REACHED WITH ROMANIANS

AND POLES (ON DANZIG BONDS) SO PATTERN FOR CASH SETTLEMENTS WILL BE SET. WOODS SAID NEXT STEP IS TO TRY AND DETERMINE AMOUNT OF OUTSTANDING BONDS AND THIS IS UP TO HIM.

4. BULGARIANS REFERRED TO 1963 FINANCIAL AGREEMENT BETWEEN US AND BULGARIAN REGARDING CLAIMS OF US NATIONALS AND RELATED FINANCIAL MATTERS AND NOTED THE ACCOMPANYING EXCHANGE OF LETTERS STATED THAT QUESTION OF OUTSTANDING BULGARIAN DOLLAR BOND OBLIGATIONS WOULD BE SETTLED WITH THE BONDHOLDERS OR THEIR REPRESENTATIVES. ACCORDING TO WOODS, BULGARIANS WANT EMBASSY TO CONFIRM THAT FOREIGN BOND PROTECTIVE COUNCIL REPRESENTS BONDHOLDERS AND IS PROPER AUTHORITY WITH WHICH TO NEGOTIATE SETTLEMENT. WOODS ALSO REQUESTS THAT EMBASSY SO NOTIFY GOB. UNLESS OTHERWISE INSTRUCTED, WE INTEND BY NOTE TO REFER TO 1963 EXCHANGE OF LETTERS AND INFORM THE GOB THAT FOREIGN BONDHOLDERS PROTECTIVE COUNCIL REPRESENTS BONDHOLDERS AND IS PROPER AUTHORITY WITH WHICH TO NEGOTIATE A US DOLLAR BOND SETTLEMENT.  
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